



Housing Association Service Charges Abuse Issues and Impact Report

July 2023

**Service charges is a war zone
where only one side is armed**
Anna, Network Homes

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Appendix I

FindOthers: End Service Charge Abuse Report

Data analysis of Section 21 & Section 22 requests provided by FindOthers in partnership with SHAC

Part 1: Introduction and Summary

1. Introduction

SHAC's Service Charge Survey

The Social Housing Action Campaign (SHAC) is a network of tenants, residents, workers and activists in housing associations and cooperatives. It is aligned to the Unite Housing Workers Branch which represents staff in these organisations.

We campaign to improve the lives of those who live in housing association properties and to reduce the commercialisation of the sector. Our demands include genuine tenant and resident democracy, improved repairs and maintenance services, reduced rents and service charges, better health and safety provisions for all, and an end to the exploitation of housing workers.

In August 2022, SHAC launched a survey to capture the range of problems tenants and residents experience with service charges, and to evidence the impact on their physical, emotional, and financial well-being.

We produced a questionnaire which was made accessible through our website and publicised through mailings and social media.

The questions were based on findings from our qualitative survey on [Service Charge Abuse](#) which delved into multiple cases and mapped some of the many different ways in which this specific form of financial abuse occurs.

The first report summarised findings from the first 300 responses and was published in August 2022. This second report updates the findings from 570 participants.

FindOthers

At the end of 2022 SHAC began working with campaigners at FindOthers, a new online platform that enables victims of injustices to launch campaigns, find others impacted by the same issue and pursue collective action. Soon after our first meeting with them, they launched a campaign specifically to highlight [service charge abuse](#).

The platform collected data on housing association performance on service charges, combining it with tools to benefit members. So far, 950 plus people have joined the campaign, of which more than 520 are directly affected by service charge abuse.

Their report "End Service Charge Abuse: Data analysis of Section 21 & Section 22 request tool provide by FindOthers in partnership with SHAC" is provided in Appendix I, page 31.

With Thanks

We extend our thanks to all those who have taken the time to complete our brief, confidential questionnaire, and to those who have utilised the FindOthers platform. Both have enabled us to

gather critically important information on the extent of service charge abuse and its impact affecting housing association tenants and residents.

2. Context

Housing associations provide homes and support for almost six million people around England. Not all are in social rented or affordable rented homes. Other tenures include shared ownership, homes to rent and buy at market rates, sometimes as leaseholders, and some supported and specialist housing¹.

Housing associations are landlords to around 2.4 million households on social and affordable rent tenancies, and approximately 300,000 households on other tenancy types.²

A proportion of housing association tenants and residents pay service charges as an additional payment, otherwise service costs are incorporated into rents.

In total, housing associations receive approximately £1.5 billion in service charge payments annually (where these are separated from rents)³. Some of this is paid directly by tenants and residents, while Universal Credit (Housing Benefit element) covers payments for the remainder.

There is no government cap on the amount that can be levied through service charges, or the level of annual rises. The law stipulates that:

“Relevant costs shall be taken into account in determining the amount of a service charge payable for a period — (a) only to the extent that they are reasonably incurred, and (b) where they are incurred on the provision of services or the carrying out of works, only if the services or works are of a reasonable standard.”

Landlord and Tenant Act 1985, S19(1)⁴

Our findings show that neither of these requirements are being routinely met, and we find it impossible to reach any conclusion other than a whole system failing. Government action is needed to prevent collusion in this form of financial abuse and to clean up service charging.

¹ National Housing Federation – accessed 30 June 2022
<https://www.housing.org.uk/about-housing-associations/what-housing-associations-do/>

² Regulator of Social Housing – 14 December 2021
<https://www.gov.uk/government/publications/2021-global-accounts-of-private-registered-providers>

³ Regulator of Social Housing – 14 December 2021
<https://www.gov.uk/government/publications/2021-global-accounts-of-private-registered-providers>

⁴ <https://www.legislation.gov.uk/ukpga/1985/70>

3. Main Findings

Data from the survey and FindOthers show that across the sector, service charging mechanisms are riddled with inaccuracies.

Landlords are deeply resistant to providing tenants and residents with the information needed to scrutinise service charges, and equally reluctant to address any inaccuracies.

Service charge abuse has a devastating impact on affected tenants and residents and these problems are widespread rather than being confined to a specific group of rogue landlords based on either size or location, although the landlord's ability to resist tenants' and residents' attempts to get issues addressed seems to increase with size.

The problems do not arise from the inherent complexities of service charging. Housing associations are able to produce accurate corporate accounts.

“Living in an NHG shared ownership property has probably shortened my life. They are just horrible to deal with and NEVER deal with the fact that our apportionments are all wrong.”

Louisa, Notting Hill Genesis Tenant

“Service charges is a war zone where only one side is armed”

Anna, Network Homes

As the report demonstrates, the process of scrutiny and challenge is fraught and arduous. What is less visible is the sheer time and energy commitment needed to overcome constant resistance by landlords.

Tenants and residents who pay their service charges directly are far more likely to scrutinise their service charge statements, and where inaccuracies are identified, challenge their landlord to make corrections.

According to the Department for Work and Pensions which administers welfare benefits, there is no equivalent system of scrutiny for payments made through Housing Benefit or Universal Credit. Nor would it be possible to build in sufficient capacity to undertake such processes due to the sheer number of benefit recipients affected. This means that service charges paid through the benefits system are almost wholly unscrutinised.

We know that inaccuracies affect tenants and residents regardless of how their service charges are paid. It is therefore safe to conclude that vast amounts of money are being transferred

illegitimately from the taxpayer to housing associations and other landlords under the cover of service charges.

4. Data Summary

Issues

- a. Almost 90% of respondents experienced charges that were too high for the services provided.
- b. Just over 70% had been charged for services that have not been provided to an acceptable standard, with 44% being charged for services that didn't apply to their home or estate. Examples include lift maintenance in buildings without a lift, concierges where no concierge is employed, and charges for services that are actually provided by the local council such as lighting and waste collection.
- c. The main problems experienced by respondents included charges that are too high for the service provided (88%), unexplained, unclear, or vague descriptions of services (77%), or charges for services that have not been provided to an acceptable standard (73%).
- d. Prevalent issues also included difficulty in obtaining of the invoice pack from their landlord (55%), difficulty in securing refunds for overcharged services (49%), and incorrectly apportioned costs (47%).
- e. At least one third of respondents found receipts or invoices missing from their invoice packs, around one quarter had difficulty in getting the invoice pack in an accessible format, and more than 15% found duplicate invoices or receipts in invoice packs.
- f. The latter finding suggests that sub-contractors duplicating invoices when billing landlords is a routine practice, and that housing associations are either turning a blind eye or wilfully colluding with sub-contractors in overcharging tenants and residents.
- g. The worst landlords when measured by the average number of issues per respondent were Southern / Optivo, Notting Hill Genesis, and MTVHA, all scoring an average of 6 issues per respondent.
- h. The next batch with an average of five issues per landlord included Clarion, Peabody, Hyde, Sanctuary, Onward, Riverside / One Housing, L&Q, Stonewater, Anchor and Network.

Impact

- a. More than 90% of respondents experienced stress or other mental health problems as a result of service charge problems.
- b. Similarly, service charges and the stress of trying to address inaccuracies were exacerbating physical health problems for 23% of respondents.
- c. Almost 40% found themselves facing increased debts or arrears as a result of the problems.
- d. Service charge abuse was causing relationship problems for 18% of respondents.

- e. Renters are more likely to suffer physical health problems as a result of their battles over service charges (38% of renters compared to around 20% of leaseholders and shared owners).
- f. Shared owners are more likely to experience increased debts and arrears. Around 41% of shared owners reported increased debts compared to 38% of leaseholders and 32% of renters.
- g. Shared owners were also more likely to experience relationship tensions within the family. Around 22% of shared owners reported pressure on their family relationships compared to 19% of leaseholders and 12% of renters.
- h. Stress and mental health issues as a result of service charge problems impacted around 90% of tenants and residents in each tenure.
- i. A much higher percentage of disabled tenants and residents reported that their physical health problems were exacerbated by problems with service charge issues. Around 42% reported this problem compared to an average of 22% for all respondents.

Addressing Issues

- a. More than 96% rated their landlords either 'Bad' or 'Terrible' when it came to addressing service charge issues. Less than one percent of respondents considered their landlord's response to have been either 'good' or 'excellent'. This is a damning indictment of the sector.
- b. Around 76% of respondents rated their landlord's response to be 'Terrible' and the percentage rose even higher (81%) for full renters. We believe that this is attributable to a variety of factors, including an inherent, systemic discrimination and stigmatisation of social housing tenants.
- c. Not a single disabled respondent considered their landlord's response to service charge complaints to be either 'Good' or 'Excellent', and this cohort was also under-represented in the 'Reasonable' group.
- d. By contrast, the percentage of disabled respondents rating their landlord's response as 'Bad' or 'Terrible' was above average when compared to the average for respondents as a whole. This underscores points SHAC has made on the discrimination faced by disabled tenants and residents across the sector.
- e. Analysis by landlord shows that some landlords were worse than others when it came to addressing their service charge complaints. This is an important point to counter those who argue that the inaccuracies and difficulties arise solely from the fact that calculating service charges is inherently complex and difficult. If that was the only problem, levels of dissatisfaction would be far more consistent across all landlords. Instead, some are failing far more catastrophically than others.
- f. All respondents housed by Anchor, Guinness, Home Group, and THCH scored their landlord as 'Terrible' for addressing service charge issues. Following closely behind in the scale were Riverside / One Housing, Hyde, L&Q, MTVHA, and Notting Hill Genesis.

- g. We found that many of the largest housing associations - those which are the most robustly resourced and should therefore be performing the best - are in fact the ones which are declining to ensure they fulfil their legal obligations to make certain that charges are genuine and pertinent.

Payments

- a. Even prior to the cost-of-living crisis, service charge rises were getting out of hand.
- b. The percentage of respondents paying less than £500 per annum has reduced sharply from almost 40% in 2019/20 to just 18% in 2021/22.
- c. Conversely, the percentage paying more than £3,000 has risen from 13% to 21% over the same period.
- d. Between 2019/20 and 2020/21, only 55% of respondents had rises below five percent, and a further two percent had rises between 5% and 10%.
- e. At the high end of the scale, four percent of respondents had service charge increases between 51% and 100%, and a shocking 19% reported rises of over 100%.
- f. Given the pattern of inflation over this period, it is difficult to envisage any justification for such steep rises beyond naked profiteering in the supply chain.

5. Key Recommendations

Through consultation with our members, SHAC recommends that legislation is introduced and enforced which requires landlords to:

- **Recommendation 1:** Externally audit service charge systems using an accredited organisation.
- **Recommendation 2:** Externally audit service contract management and procurement processes, and where a sub-contractor repeatedly submits inaccurate invoices, the contract be terminated.
- **Recommendation 3:** Improve access to service charge invoice packs, making it a requirement that these are provided in alternative formats if requested.
- **Recommendation 4:** Standardise invoices and service charge packs to enable scrutiny by tenants and residents.
- **Recommendation 5:** Hire sufficient numbers of permanent staff in their service charge teams, with team size proportionate to the number of service-chargeable properties they manage. There must also be a team of dedicated staff for resolving inaccuracies.
- **Recommendation 6:** Provide tenants and residents who identify inaccuracies with the facility to deal directly with service charge resolution staff. They should be given a named contact who is leading on resolving their

complaint, with a personalised phone and email address for contacting them.

- **Recommendation 7:** Provide tenants and residents with an automatic, legal right to compensation if it transpires that there are unacceptable and unreasonable errors in service charges.
- **Recommendation 8:** Publish tenant and resident rates of satisfaction with service charges.
- **Recommendation 9:** Impose substantial, meaningful fines on landlords who fail to meet targets, with compensation to those affected.

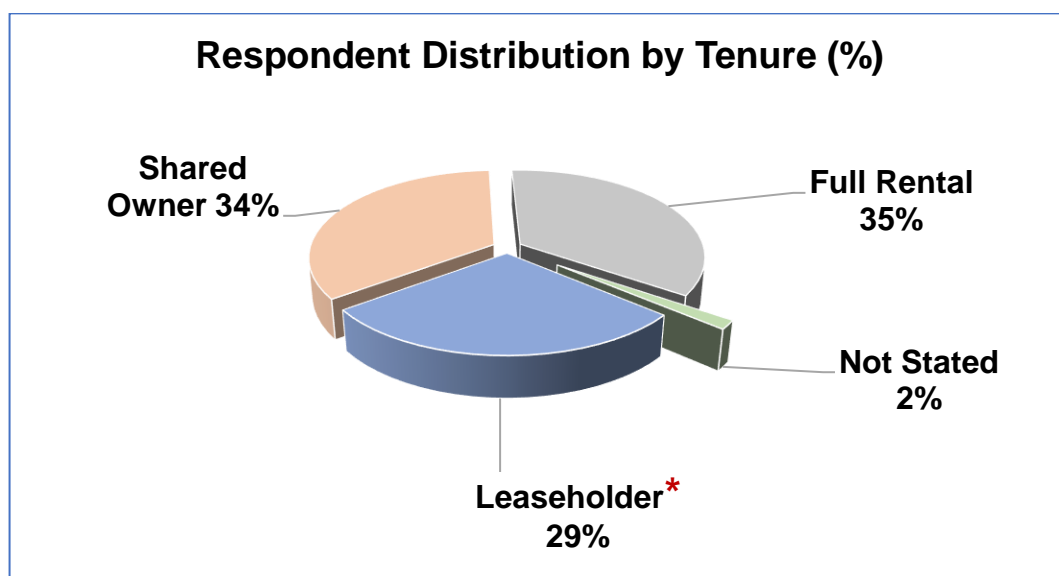
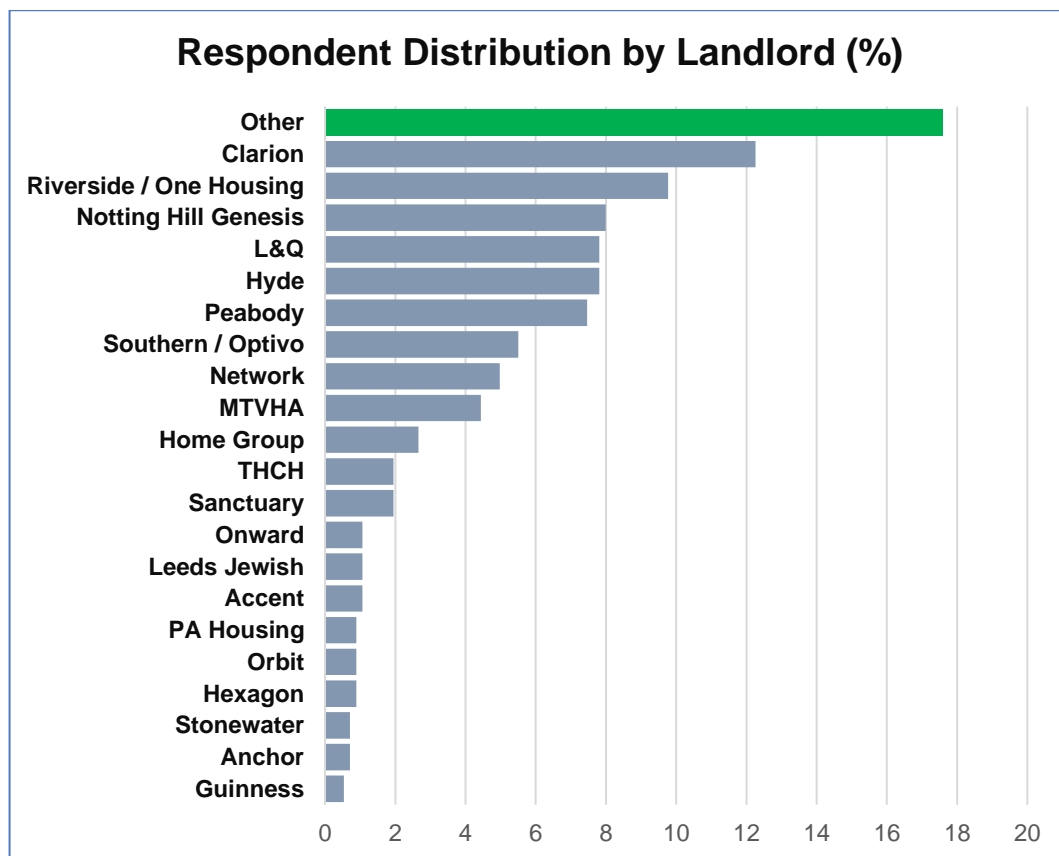
It is our further recommendation that government provides much better access to justice and extends Legal Aid to housing issues and providing community lawyers to take on housing cases.

Part 2: Analysis

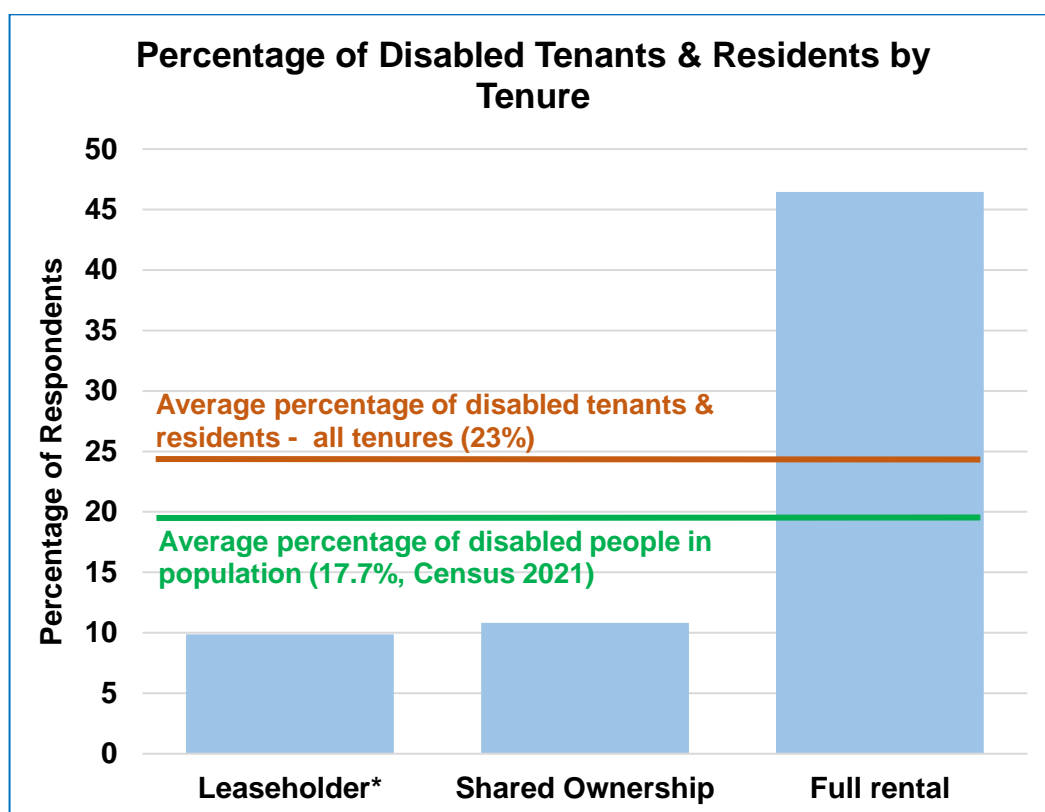
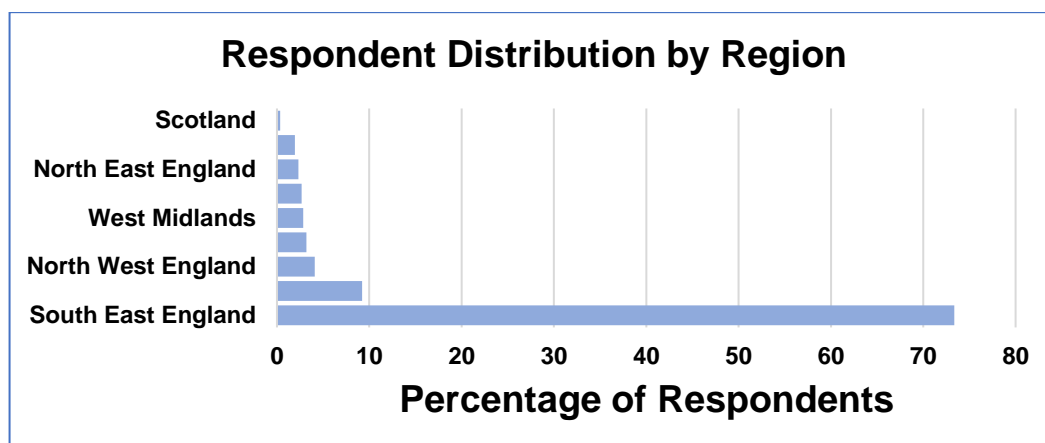
6. Profile

- a. Respondents were housed by 77 different landlords.
- b. Any association with fewer than five tenants and residents was labelled 'Other' for the purposes of this report. There were 21 landlords with **more than** five respondents.
- c. The seven landlords with the highest representations of respondents were those where SHAC has active branches. These are Southern / Optivo, Peabody, Hyde, L&Q, Notting Hill Genesis, Riverside / One Housing, and Clarion.
- d. There was an even spread of respondents across the three tenures (leaseholders, shared owners, and full renters).
- e. More than 70% of respondents were from the south east, including London. We have not therefore cross-referenced data by region.
- f. Around 23% of respondents are disabled. This is higher than the national average for the population in England, which is reported to be 17.7% according to the 2021 Census.
- g. However, there is also variation in the percentages of disabled tenants and residents across tenures, with striking over-representation in full rental, and under-representation in leasehold and shared ownership accommodation. These findings hold true compared to averages across all respondents, and compared to national averages.
- h. SHAC does not have a figure for the percentage of disabled tenants and residents renting homes from housing associations which might then be compared with our data. However,

the particular difficulties faced by disabled tenants and residents have compelled SHAC to develop specific campaigning to highlight the injustices they face.



* Leaseholders pay ground rent and/or a service charge.



7. Issues

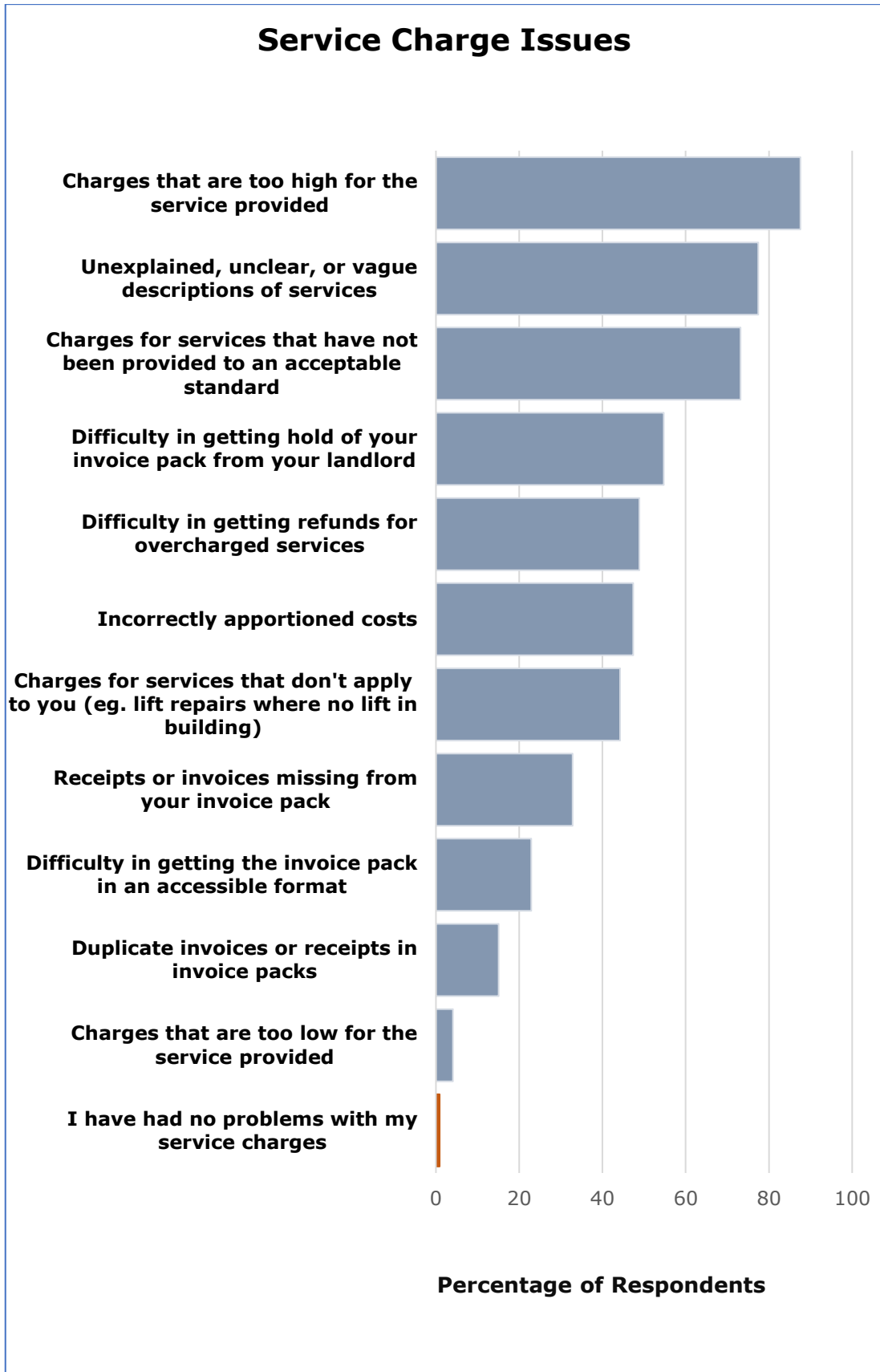
- a. Respondents were able to select from a list of issues that was developed from the most common service charge complaints submitted to SHAC. Respondents could select more than one issue, and add a description into the free text field.
- b. Almost 90% of respondents experienced charges that were too high for the services provided.
- c. Almost 80% found the description of services provided was not properly explained, vague or unclear.
- d. Just over 70% had been charged for services that have not been provided to an acceptable standard, with 44% being charged for services that didn't apply to their home or estate.

SHAC: Housing Association Service Charges: Issues and Impact:

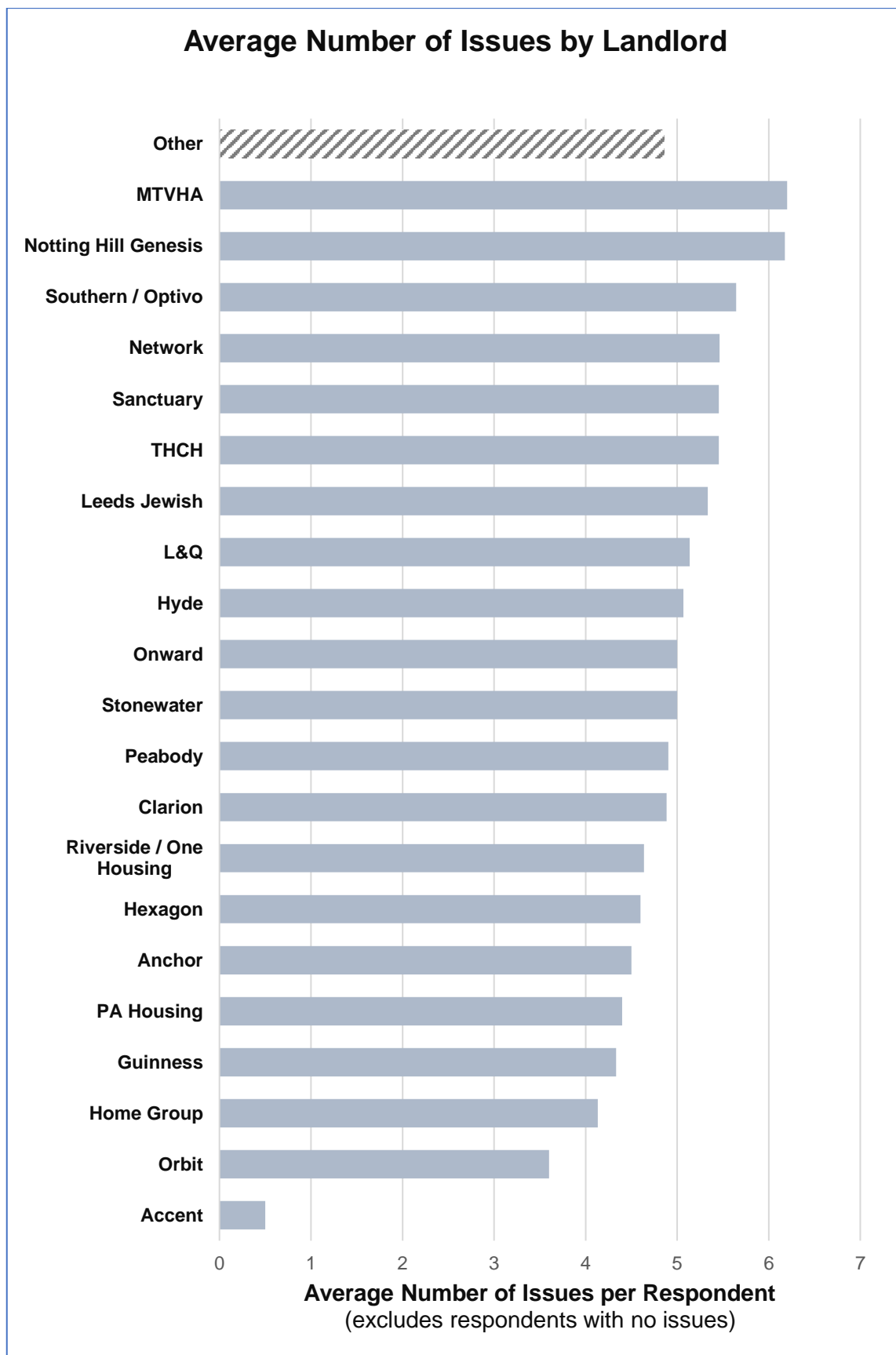
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Examples include lift maintenance in buildings without a lift, concierges where no concierge is employed, and charges for services for that are actually provided by the local council such as lighting and waste collection.

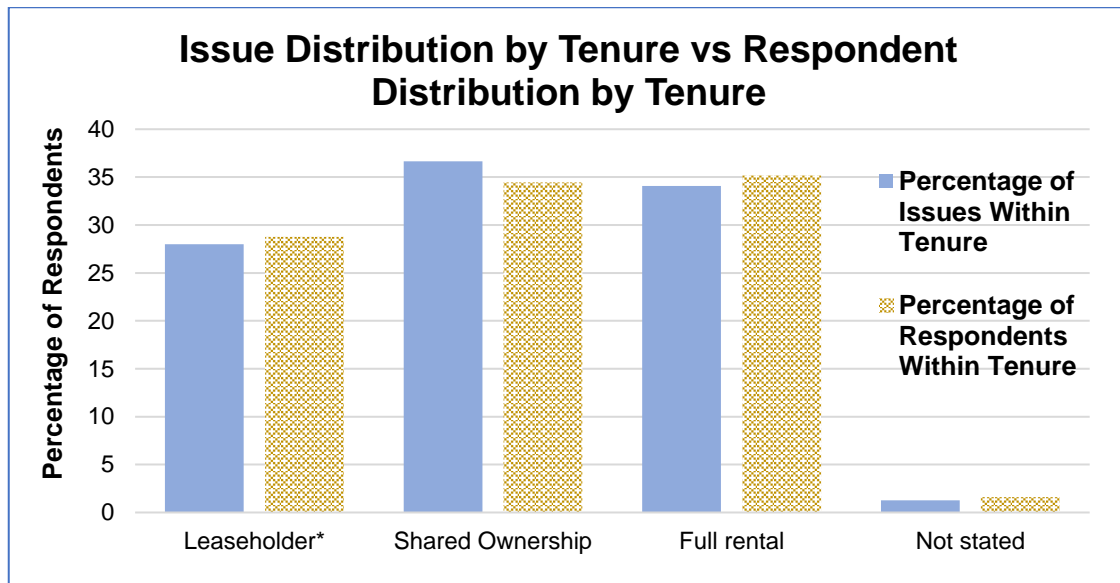
- e. Around 16% of respondents had found duplicate invoices in their service charge packs.
- f. Around four percent were concerned about service charges that are clearly too low for the service provided. This is a worry because it means that at some future date, tenants and residents may receive a large bill to address a substantial shortfall.
- g. Just one percent of respondents said that they had no issues with their service charges.

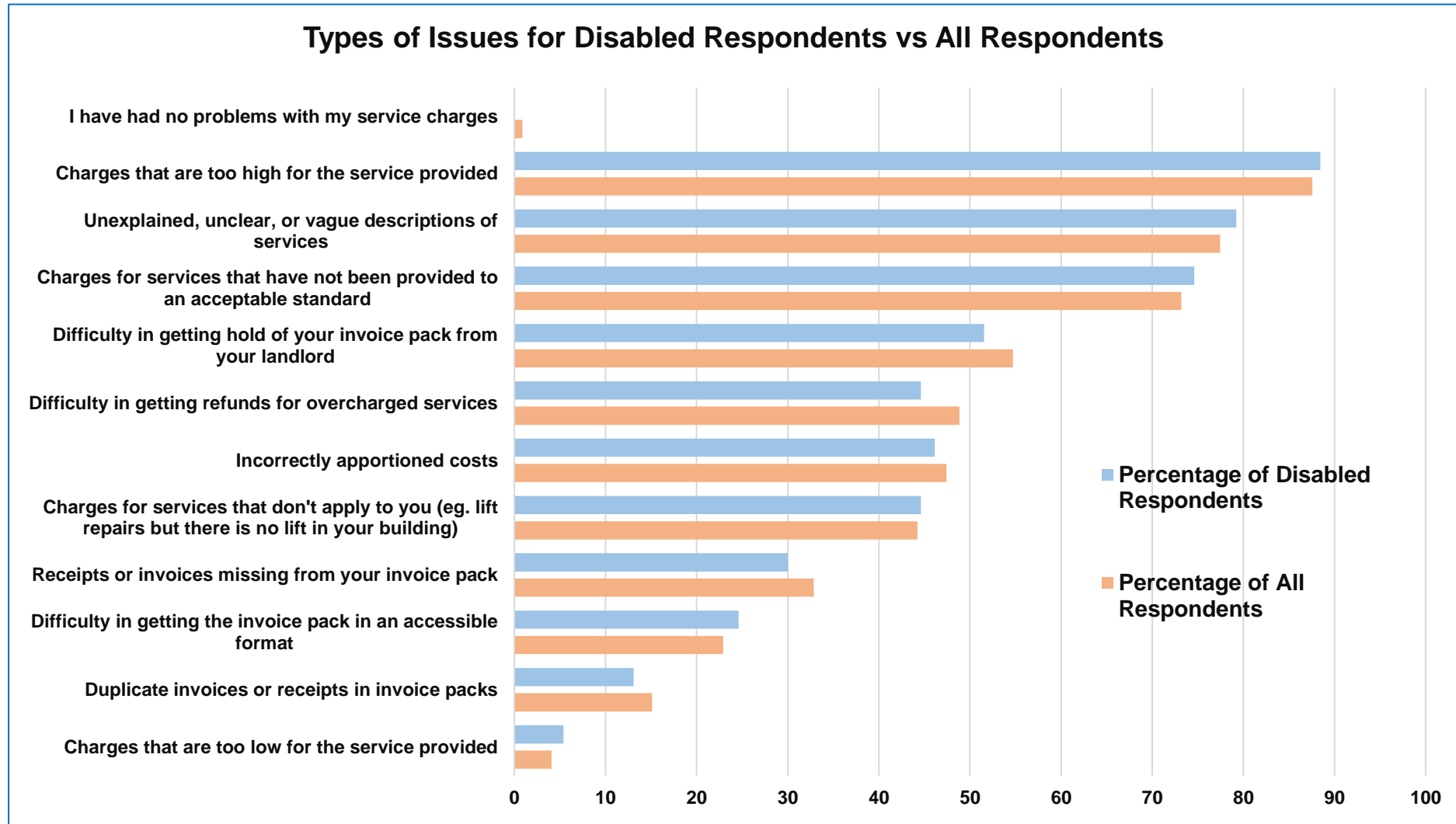


- h.** Respondents to the survey were invited to select from 11 different issues. The list was compiled using data from previous surveys and complaints to SHAC, with the addition of an option for those who had not experienced any problems with service charges.
- i.** The 11 issues were:
- Charges for services that don't apply to you (eg. lift repairs where no lift in building)
 - Charges for services that have not been provided to an acceptable standard
 - Charges that are too high for the service provided
 - Charges that are too low for the service provided
 - Difficulty in getting hold of your invoice pack from your landlord
 - Difficulty in getting refunds for overcharged services
 - Difficulty in getting the invoice pack in an accessible format
 - Duplicate invoices or receipts in invoice packs
 - Incorrectly apportioned costs
 - Receipts or invoices missing from your invoice pack
 - Unexplained, unclear, or vague descriptions of services
- j.** Respondents were able to select as many issues as they wished. We calculated the average number of separate issues reported by respondents from each landlord to create a performance index.
- k.** Southern / Optivo, Notting Hill Genesis, and MTVHA scored an average of six issues per respondent.
- l.** The next batch with an average of more than five issues per landlord included the larger landlords such as Clarion, Peabody, Hyde, Sanctuary, Onward, Riverside / One Housing, L&Q, Stonewater, Anchor and Network.
- m.** Some of the smaller associations also performed badly, with Hexagon, Leeds Jewish, and THCH averaging around five issues per landlord.



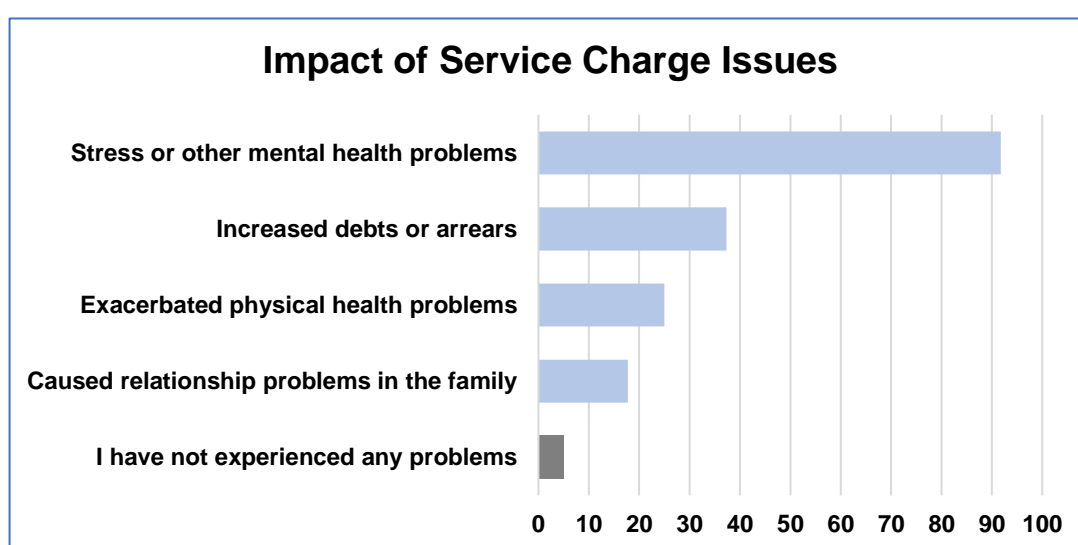
- n. Issue distribution was compared to respondent distribution across the three different tenures, plus the average where the tenure was not stated. The two largely matched, although shared owners had a slightly elevated proportion of issues.
- o. Similarly, the distribution of issues for all respondents largely matched the distribution of issues for disabled respondents.



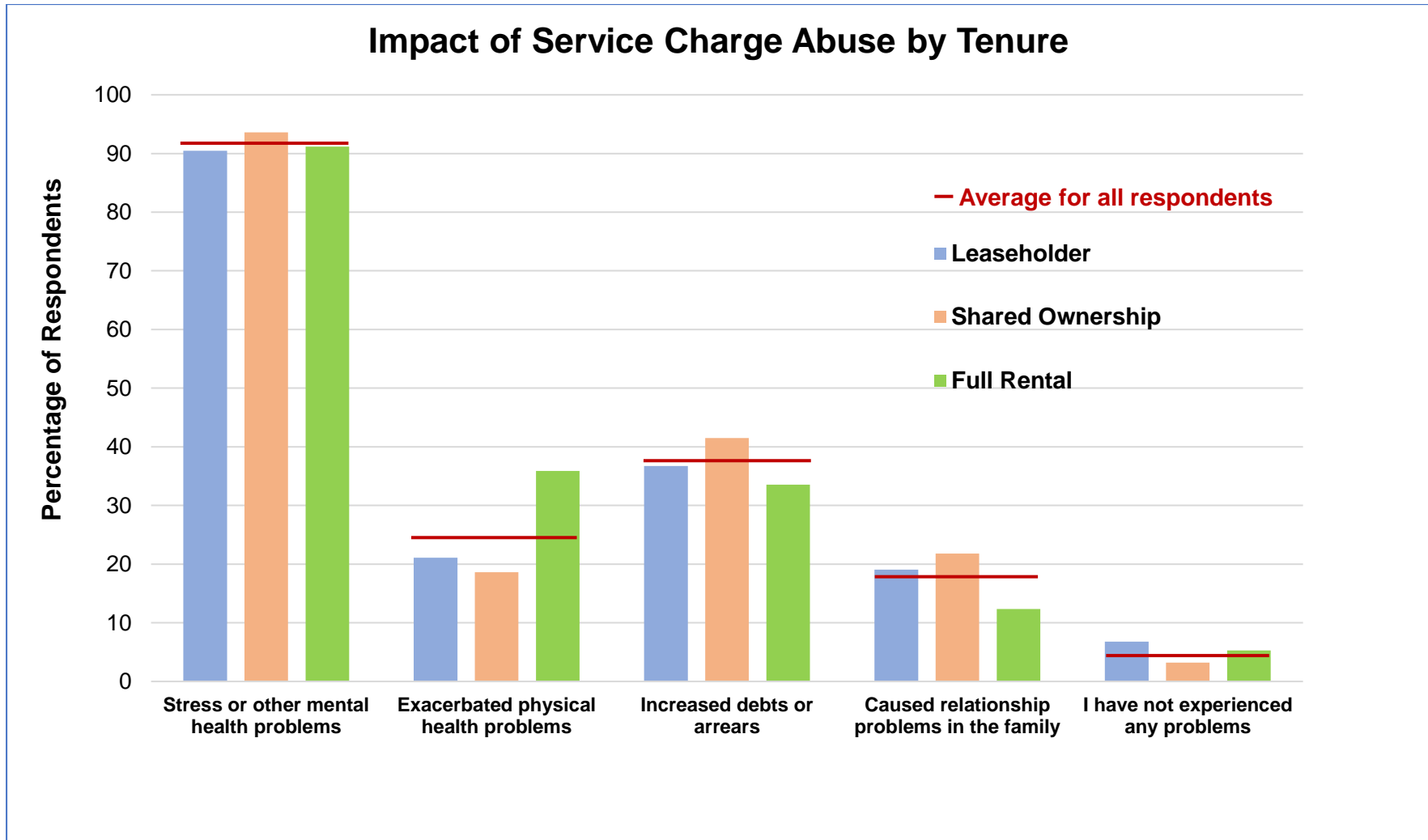


8. Impact

- a. The impact of service charge abuse as reported by respondents making shocking reading.
- b. More than 90% of respondents experienced stress or other mental health problems as a result of service charge problems.
- c. Similarly, service charges and the stress of trying to address inaccuracies were exacerbating physical health problems for around one quarter of respondents.
- d. Almost 40% found themselves facing increased debts or arrears as a result of the problems.
- e. Service charge abuse was causing relationship problems for 18% of respondents.

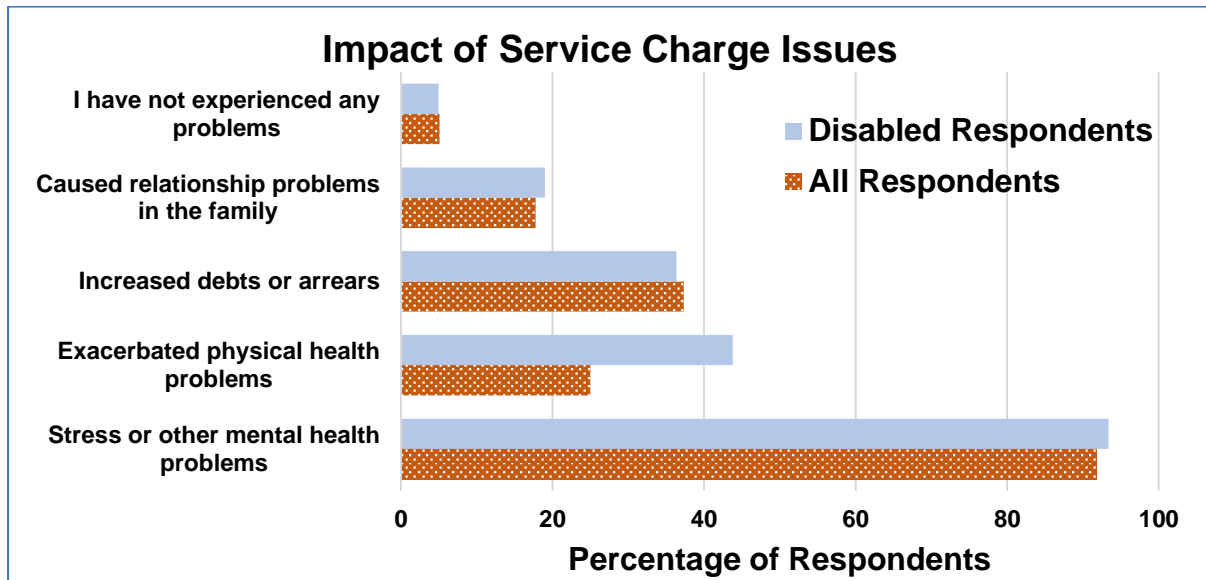


- f. There was some variation in impact for different tenures.
- g. Renters are more likely to suffer physical health problems as a result of their battles over service charges (38% of renters compared to around 20% of leaseholders and shared owners).
- h. Shared owners are more likely to experience increased debts and arrears. Around 41% of shared owners reported increased debts compared to 38% of leaseholders and 32% of renters.
- i. Shared owners were also more likely to experience relationship tensions within the family. Around 22% of shared owners reported pressure on their family relationships compared to 19% of leaseholders and 12% of renters.
- j. Stress and mental health issues as a result of service charge problems impacted around 90% of tenants and residents in each tenure.



k.

- I. A much higher percentage of disabled tenants and residents reported that their physical health problems were exacerbated by problems with service charge issues. Around 42% reported this problem compared to an average of 22% for all respondents.

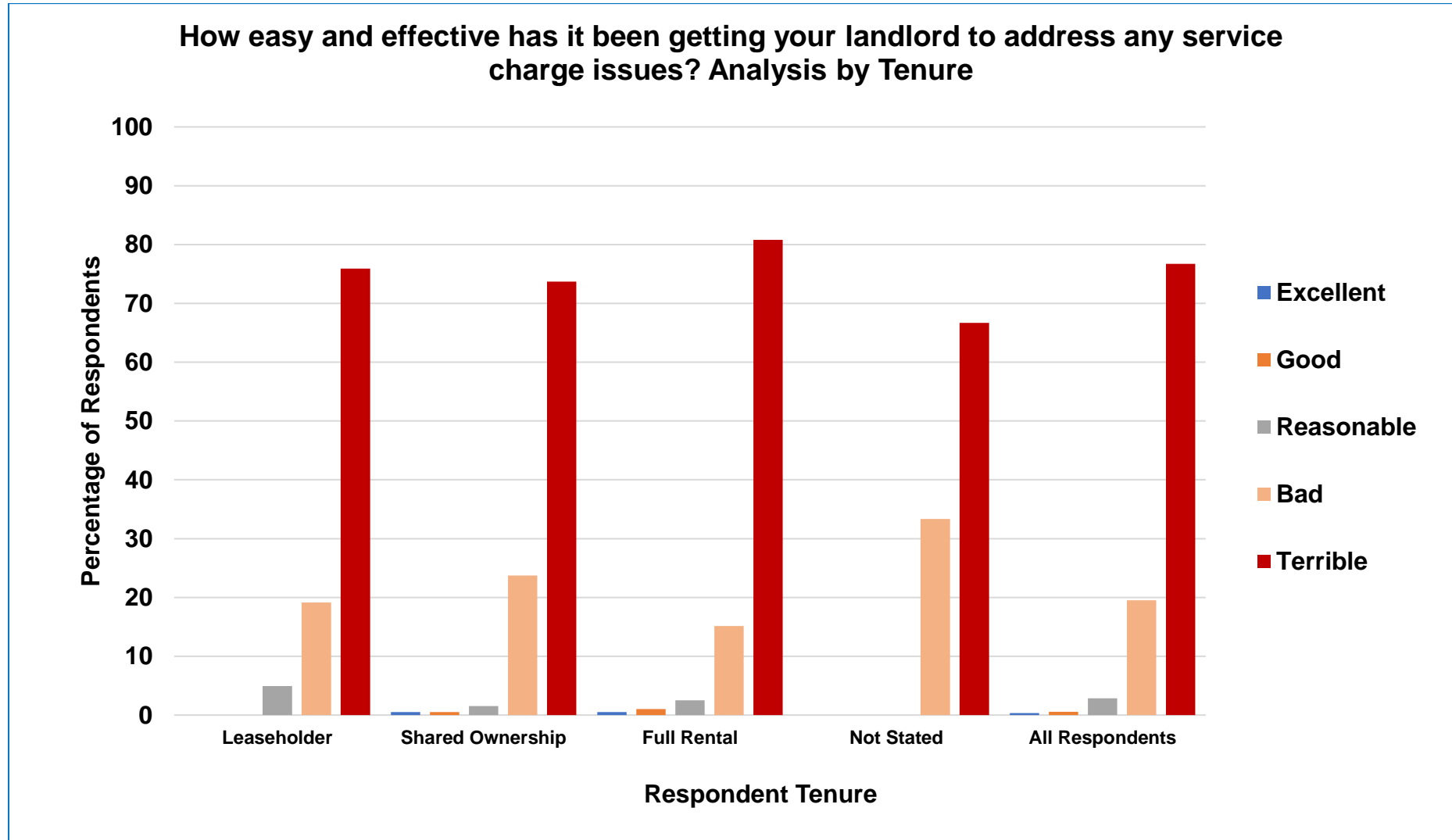


9. Addressing Problems

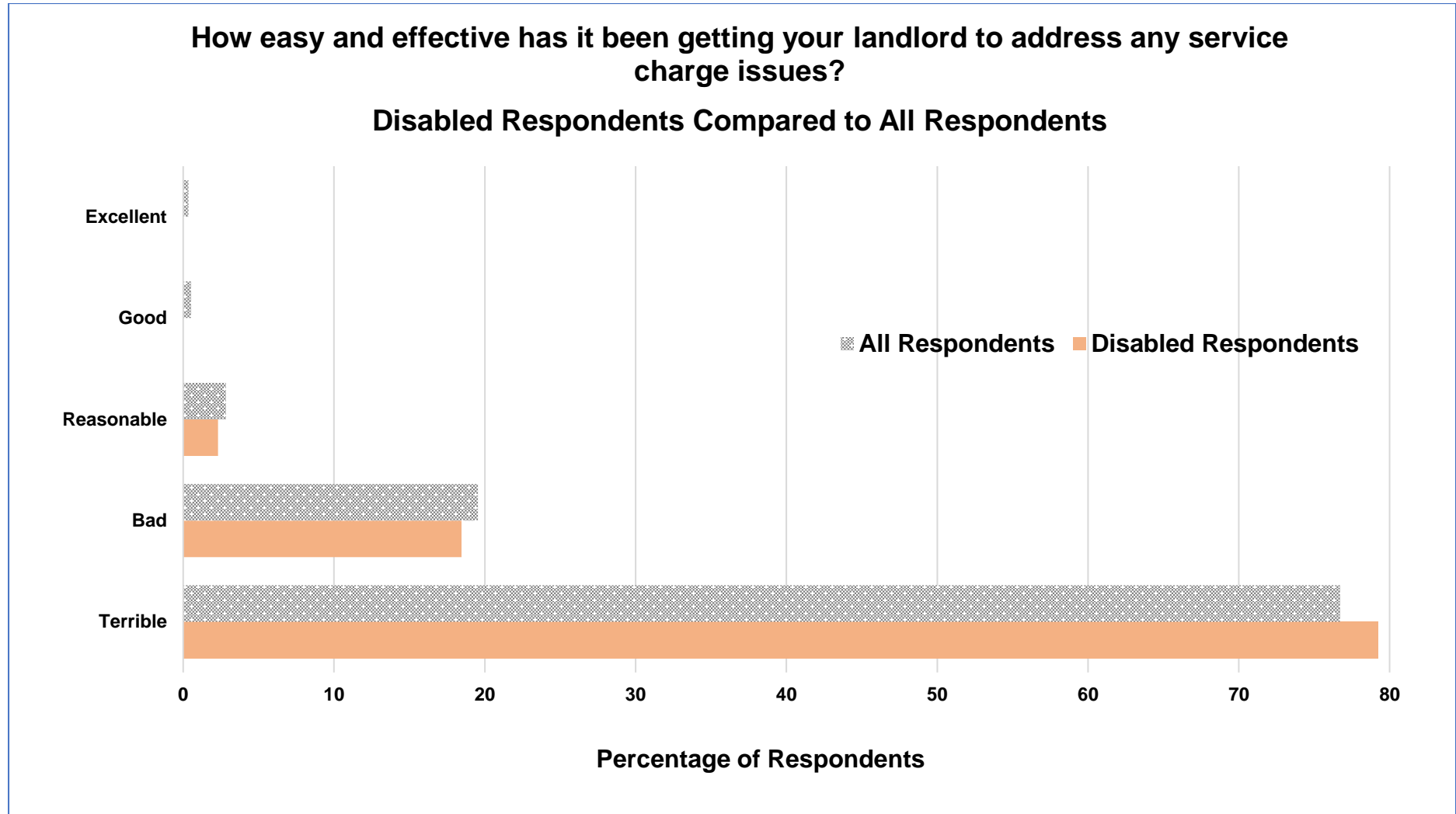
- a. The survey asked respondents how easy and effective they had found the process for getting their landlord to address service charge issues. The questionnaire offered a range of options

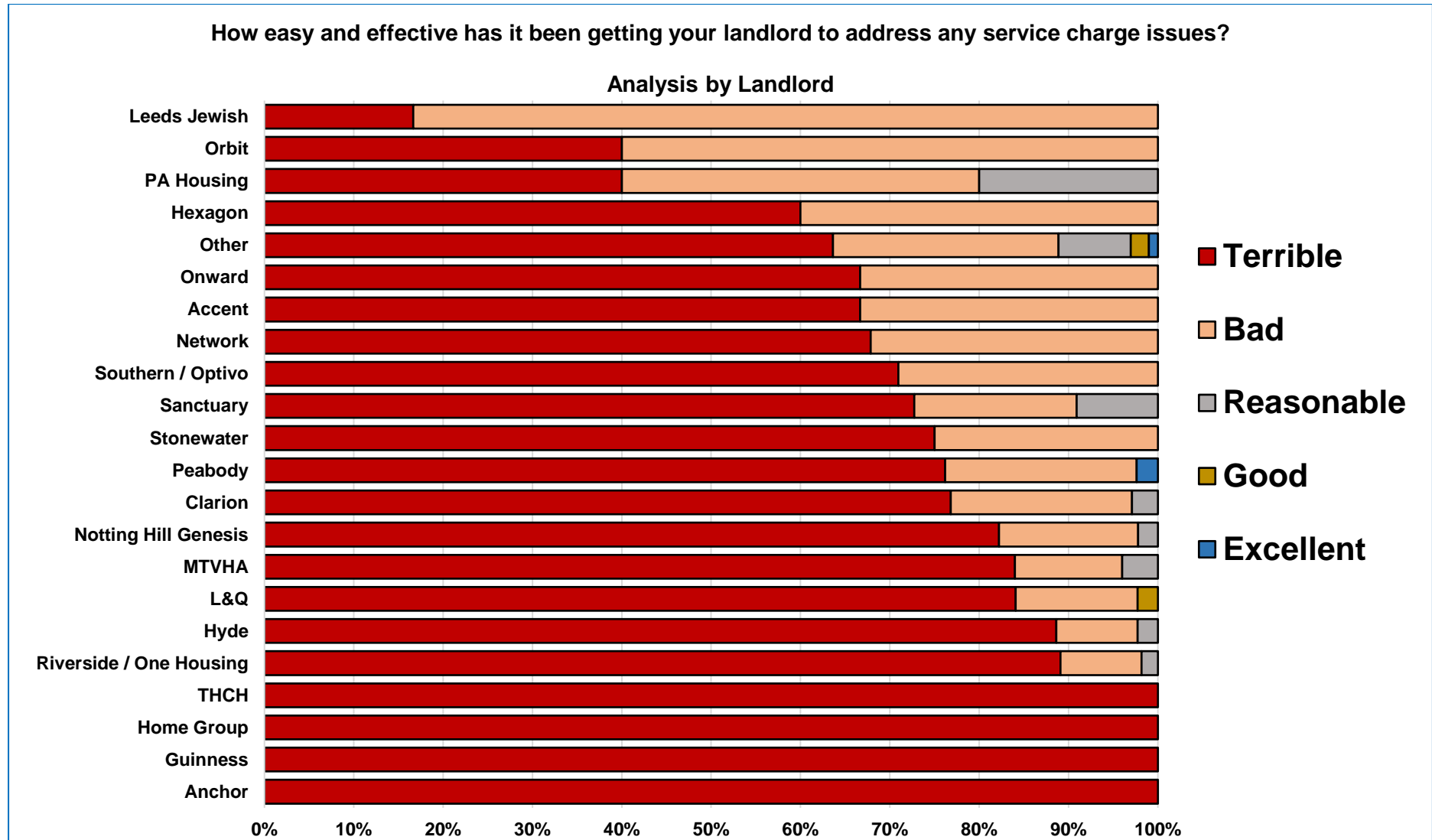


- b. The findings on this point get to the heart of why service charge abuse has been one of the major campaign issues for SHAC.
- c. More than 96% considered their landlords to be either 'Bad' or 'Terrible' at addressing service charge issues. Less than one percent of respondents considered their landlord's response to have been either 'good' or 'excellent'.
- d. Around 76% of respondents rated their landlord's response 'Terrible' and the percentage rose even higher (81%) for full renters.



- e. Around 76% of respondents rated their landlord's response 'Terrible' and the percentage rose even higher (81%) for full renters.
- f. Not a single disabled tenant or resident scored their landlord's response to service charge complaints to be either 'Good' or 'Excellent', and they were also under-represented in the 'Reasonable' group.
- g. By contrast, the percentage of disabled respondents rating their landlord's response as 'Terrible' was above average for disabled respondents (79%) compared to the average for respondents as a whole.
- h. Analysis by landlord shows that some landlords were worse than others when it came to addressing service charge complaints.
- i. All respondents housed by Anchor, Guinness, Home Group, and THCH scored their landlord as 'Terrible' for addressing service charge issues. Following closely behind in the scale were Riverside / One Housing, Hyde, L&Q, MTVHA, and Notting Hill Genesis.

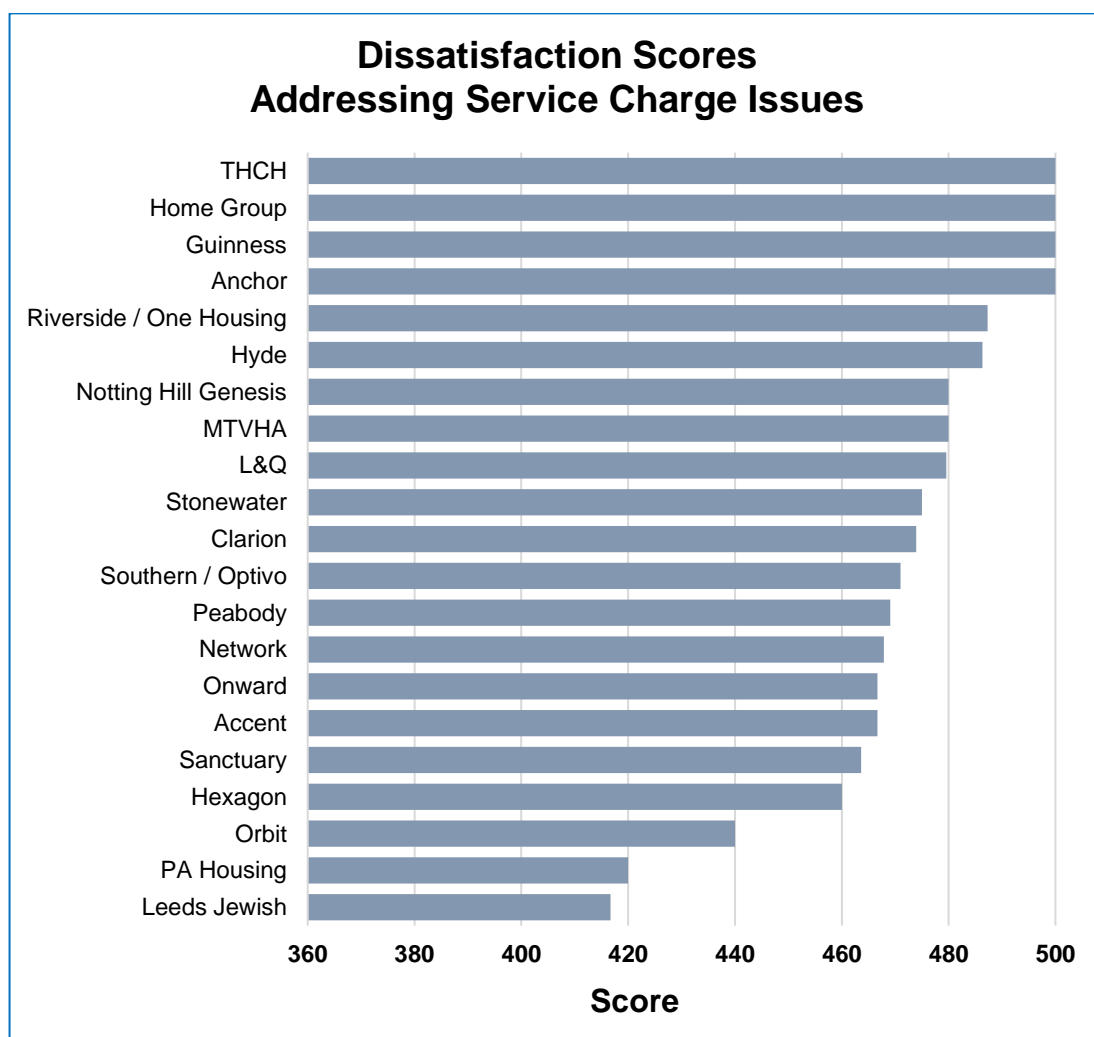




- j. A scoring system was created to illustrate how well each association performed when it came to addressing service charge complaints. This was produced by assigning a number to each value judgement as follows:

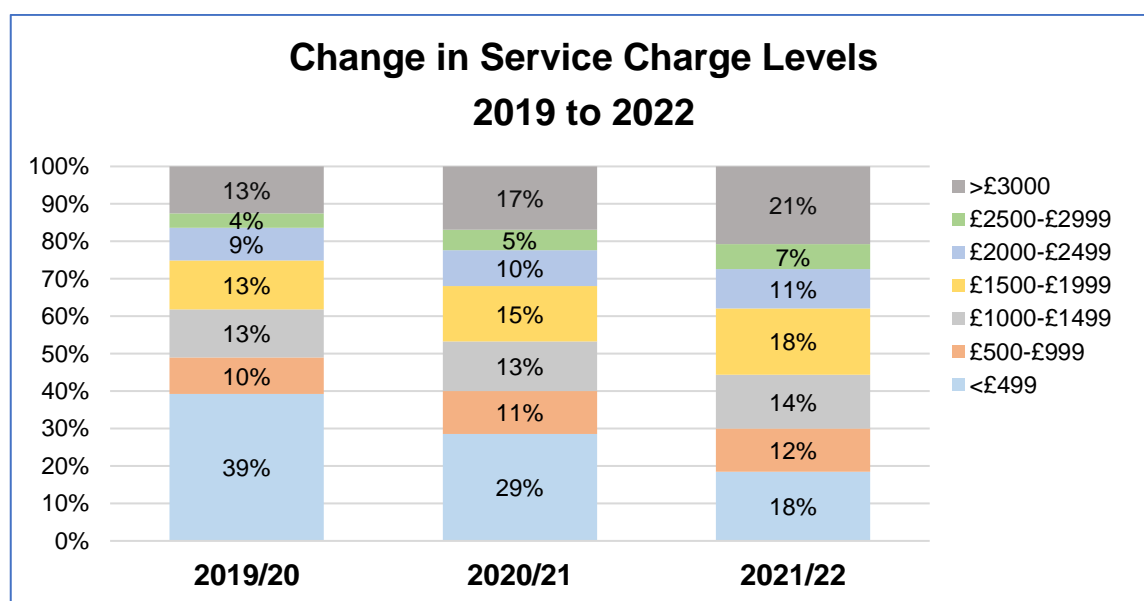
Terrible = 5
Bad = 4
Reasonable = 3
Good = 2
Excellent = 1

- k. These values were multiplied by the percentage of respondents from that landlord who selected each option. The greater the level of dissatisfaction, the higher a landlord will score. The scoring runs from a minimum of 100 (ie. Where 100% of respondents selected 'Excellent'), to a maximum of 500 (ie. 100% of respondents selected 'Terrible').
- l. The highest scoring landlords were THCH, Home Group, Guinness, and Anchor, but none scored lower than 416 on the performance scale.

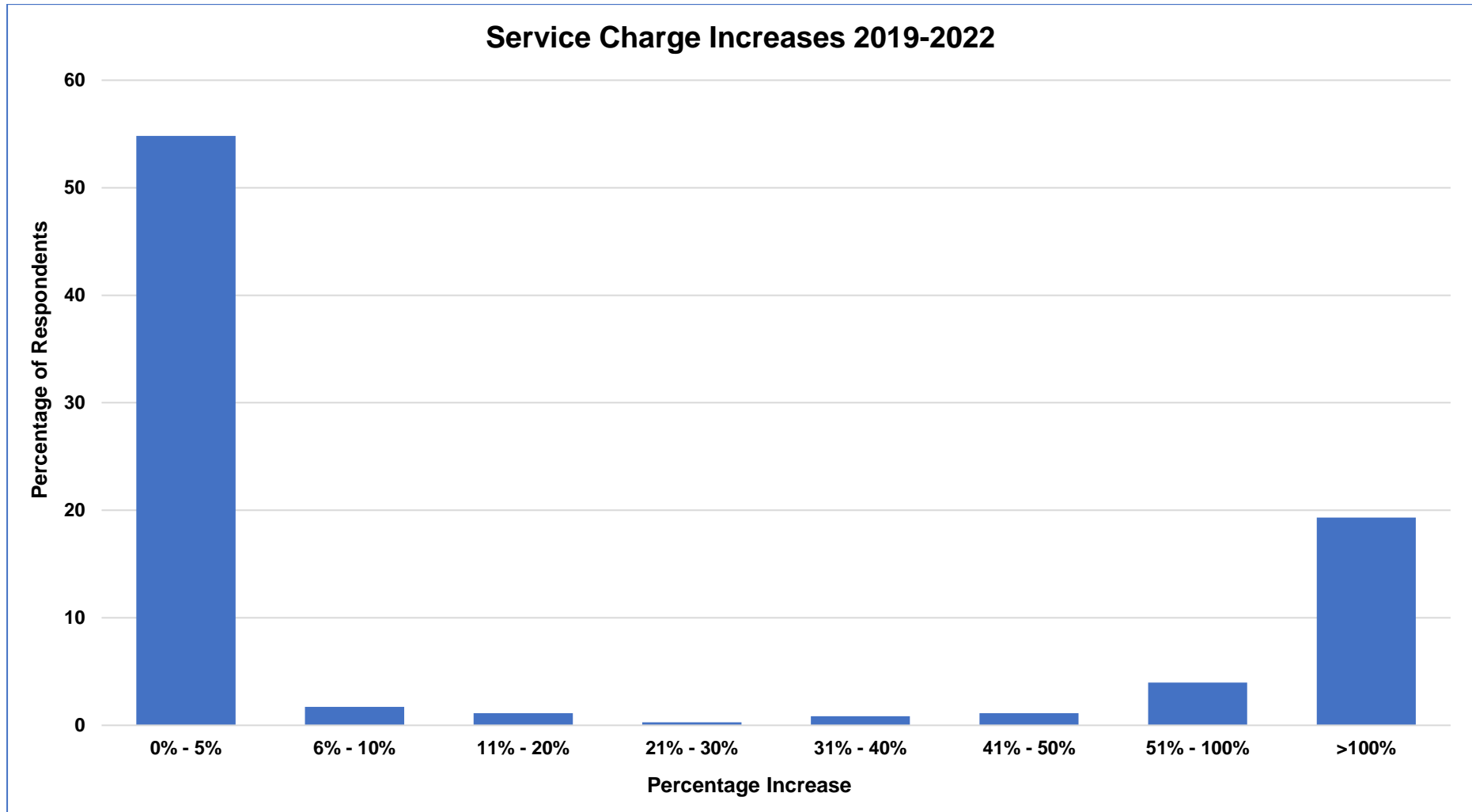


10. Payments

- a. The data relating to payment was more challenging to analyse as not all respondents provided time-series information. Some outliers were also excluded as it appeared that the charges were for a scheme rather than individual property. Nonetheless, trends are evident.
- b. Even prior to the cost-of-living crisis, service charge rises were getting out of hand. The Consumer Price Index (CPI) was recorded as follows for the years covered by this report:
- 10.1% in the 12 months to September 2022
 - 3.1% in the 12 months to September 2021
 - 1.4% in the 12 months to September 2020
 - 2.4% in the 12 months to September 2019
- c. The percentage of respondents paying less than £500 per annum has reduced sharply from almost 40% in 2019/20 to just 18% in 2021/22.
- d. Conversely, the percentage paying more than £3,000 rose from 13% to 21% over the same period.



- e. Between 2019/20 and 2020/21, only 55% of respondents had rises below five percent and a further two percent had rises between 5% and 10%.
- f. At the extreme end of the scale, four percent of respondents had service charge increases between 51% and 100%, and shockingly, a further 19% reported rises of over 100%.
- g. Given the pattern of inflation over this period, it is difficult to envisage any justification for such steep rises beyond naked profiteering in the supply chain.
- h. These findings are supported by data from complaints to SHAC.



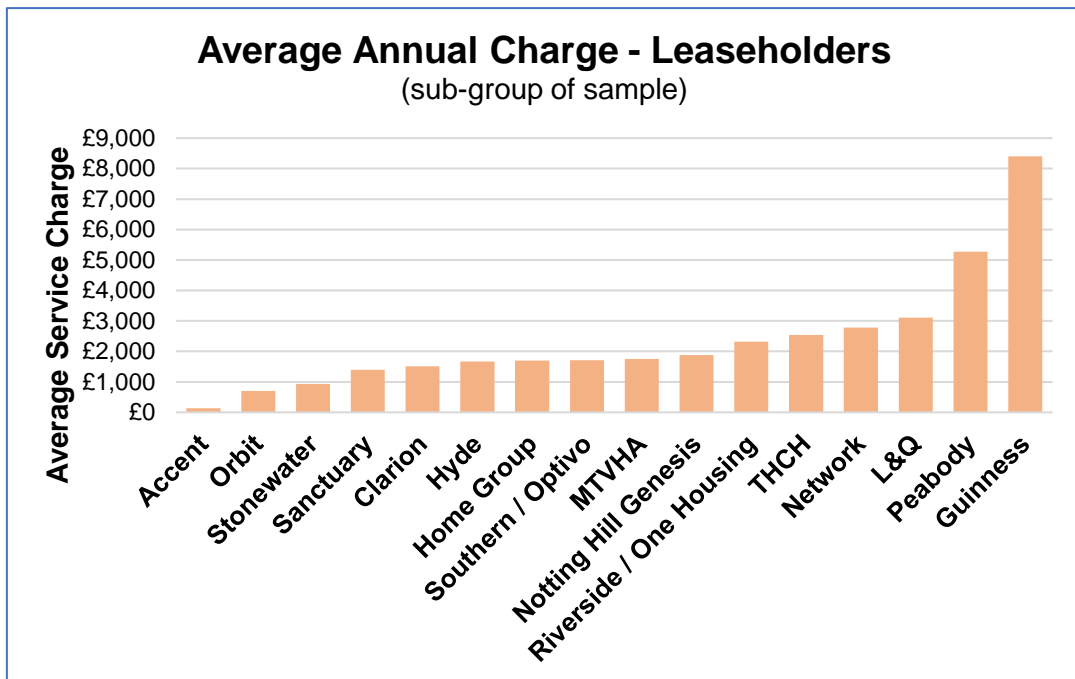
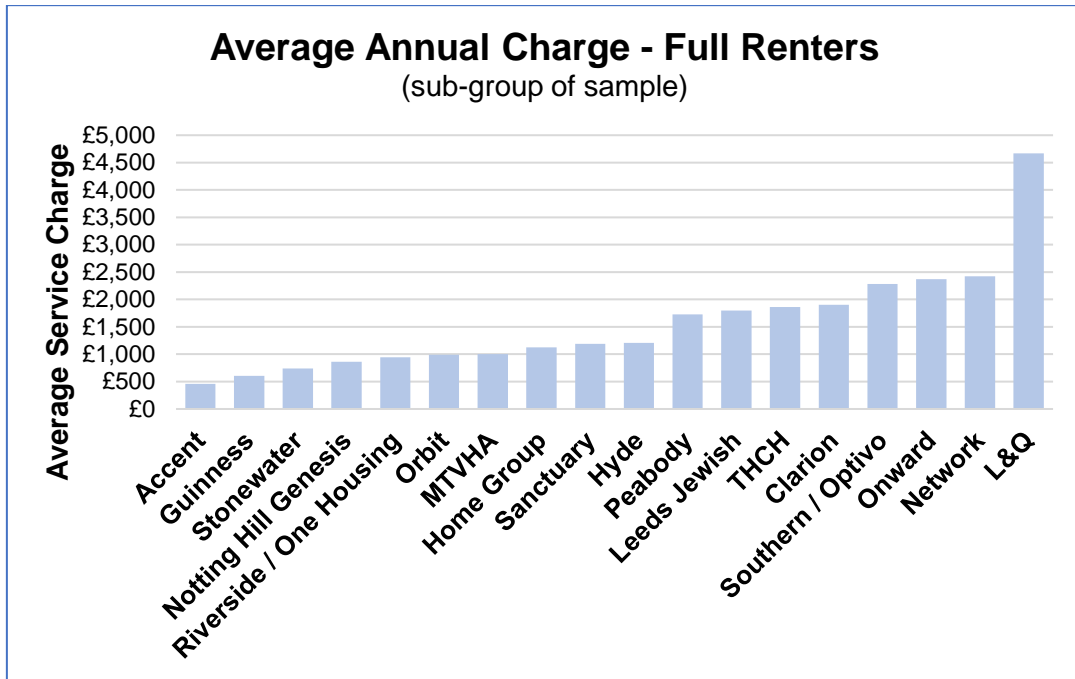
- i. For analysis by landlord, it is more meaningful to include tenure.
- j. The worst landlord for full renters was L&Q, and indeed SHAC receives a very high percentage of complaints about L&Q.
- k. Southern / Optivo, Network, and Onward also fare badly with average annual charges ranging between £2,000 and £2,500 per annum.
- l. Guinness tops the chart for leaseholders with an average charge of more than £8,000, but Peabody is also high with an average annual charge of over £5,000.
- m. Five housing associations - Southern / Optivo, THCH, L&Q, Network, and Peabody - appear in the top ten highest chargers' list for both renters and leaseholders, suggesting that some landlords have a particularly bad track record of securing value for money for tenants and residents.
- n. The law stipulates that only charges genuinely incurred and reasonable should be passed on to tenants and residents:

“Relevant costs shall be taken into account in determining the amount of a service charge payable for a period — (a) only to the extent that they are reasonably incurred, and (b) where they are incurred on the provision of services or the carrying out of works, only if the services or works are of a reasonable standard.”

Landlord and Tenant Act 1985, S19(1)⁵

It is not therefore possible to find a reasonable explanation for such wide variation across landlords.

⁵ <https://www.legislation.gov.uk/ukpga/1985/70>



Part 3: Conclusions and Recommendations

11. Conclusions

Our survey exposes the devastating impact caused to tenants and residents when landlords consistently overcharge for services, and then exacerbate the problems by making it extremely difficult for tenants and residents to get inaccuracies rectified.

The refusal of landlords to rectify inaccuracies leads us to categorise this process as a form of financial abuse.

This abuse is carried out with the collusion of the state through almost non-existent regulation or enforcement of landlords' legal obligations.

It is our view that government should legislate to shift the balance of power in the relationship between landlord and tenant more towards tenants, and to end the almost complete disempowerment of tenants and residents.

Alongside this, government needs to actively regulate service charging.

12. Recommendations

Through consultation with our members, SHAC recommends that legislation is introduced and enforced which requires landlords to:

- **Recommendation 1:** Externally audit service charge systems using an accredited organisation.
- **Recommendation 2:** Externally audit service contract management and procurement processes, and where a sub-contractor repeatedly submits inaccurate invoices, the contract be terminated.
- **Recommendation 3:** Improve access to service charge invoice packs, making it a requirement that these be provided in alternative formats if requested.
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- **Recommendation 5:** Hire sufficient numbers of permanent staff in their service charge teams, with team size proportionate to the number of service-chargeable properties they manage. There must also be a team of dedicated staff for resolving inaccuracies.
- **Recommendation 6:** Provide tenants and residents who identify inaccuracies with the facility to deal directly with service charge resolution staff. They should be given a named contact who is leading on resolving their complaint, with a personalised phone and email address for contacting them.

SHAC: Housing Association Service Charges: Issues and Impact:

Second Report – July 2023

- **Recommendation 7:** Provide tenants and residents with an automatic, legal right to compensation if it transpires that there are unacceptable and unreasonable errors in service charges.
- **Recommendation 8:** Publish tenant and resident rates of satisfaction with service charges.
- **Recommendation 9:** Impose substantial, meaningful fines on landlords who fail to meet targets, with compensation to those affected.

SHAC and FindOthers further recommend that government provides much better access to justice and, extends Legal Aid to housing issues and providing community lawyers to take on housing cases.

It is clear even from our findings that government cannot leave service charging in its current state. Namely, being an almost completely unregulated area of landlord operation despite the fact that housing associations collect millions of pounds in revenue through this process.

The cost is not just to individual households, but to the taxpayer in unjustified payments through the welfare benefits system.

With a growing number of tenants and residents choosing to withhold service charge payments where they consider them to be unreasonable or inaccurate, it is also clear that if government does not act to address the scandal of service charge abuse, tenants and residents will take matters into their own hands.

See also page 31 for **FindOthers' End Service Charge Abuse Report providing data analysis of Section 21 & Section 22 requests.**

July 2023



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July 2023

END SERVICE CHARGE ABUSE

Data analysis of Section 21 & Section 22 request tool provided by Find Others, in partnership with SHAC.



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INTRODUCTION

What is Find Others?

As individuals, it is very difficult to take on big organisations and win. The odds are not in your favour. But when we unite with others in the same situation, we have a much greater chance of obtaining justice.

Created by tech for good entrepreneurs, Find Others aims to create a fairer society by giving people the ability to launch online campaigns and build powerful action groups to hold organisations accountable when they cause harm.

Seed funded by the Solicitors Regulation Authority, Find Others seeks to address the justice gap for victims of everyday harm.

End Service Charge Abuse Campaign

In late 2022, Find Others launched an awareness campaign in partnership with SHAC to call an end to service charge abuse by housing associations.

Housing associations are not-for-profit organisations set up to provide affordable homes and support local communities. The residents that live in these properties are often charged monthly service fees to cover the cost of maintaining the building and communal areas. In stark contrast to their charitable aims, there are consistent and frequent reports of residents being incorrectly charged by housing associations for these services, sometimes in the region of hundreds of thousands of pounds. This miscarriage of justice falls on the individuals affected to investigate and act. We don't think this is acceptable.

As part of the campaign, we created a free tool to help affected residents make section 21 and 22 requests for a summary of their service charges for the past 12 months, in line with their rights under the Landlord and Tenant Act 1985. With resident's help, we began tracking and identifying the housing associations that comply with their legal obligations and the culprits of service charge abuse.

TESTIMONIES

Michael, Optivo Resident

I first started looking at the service charge accounts in 2015 when I noticed that we were being charged for personal gas supply totalling some £23,000. This led to us reviewing other charges that were suspicious and eventually led to refunds totalling over £318,000 and reductions of a further £109,000 in the charges for 2017-18.

There is also a further £180,000 that I believe has been overcharged due to the hopeless mismanagement of the building by the current landlords. The economy is very tough for everyone now and housing associations and other landlords should be helping not raiding peoples bank accounts with excessive and incorrect service charges.

Rep from the India House Security Panel, The Guinness Partnership Residents

We feel that the government has to stop the abuse of service charges across the board. Everyone should have transparent accounts and be able to challenge charges. We have previously had an experience with the Guinness Partnership where we found anomalies in our service charge accounts. Once the accounts were audited, tens of thousands of pounds were credited. We are in the same position years later.

"Unjustifiable exponential service charges. My monthly charges over 5 years have risen from £79, £105, £147.69, £170.15 , £303.68. I wrote many letters but communication is slow, accounts are not transparent, services provided are of poor quality, overcharging for gardening we don't even have any. I am under enormous mental stress - I am a full-time working single mum and I am afraid of losing my house as it is becoming more and more unaffordable."

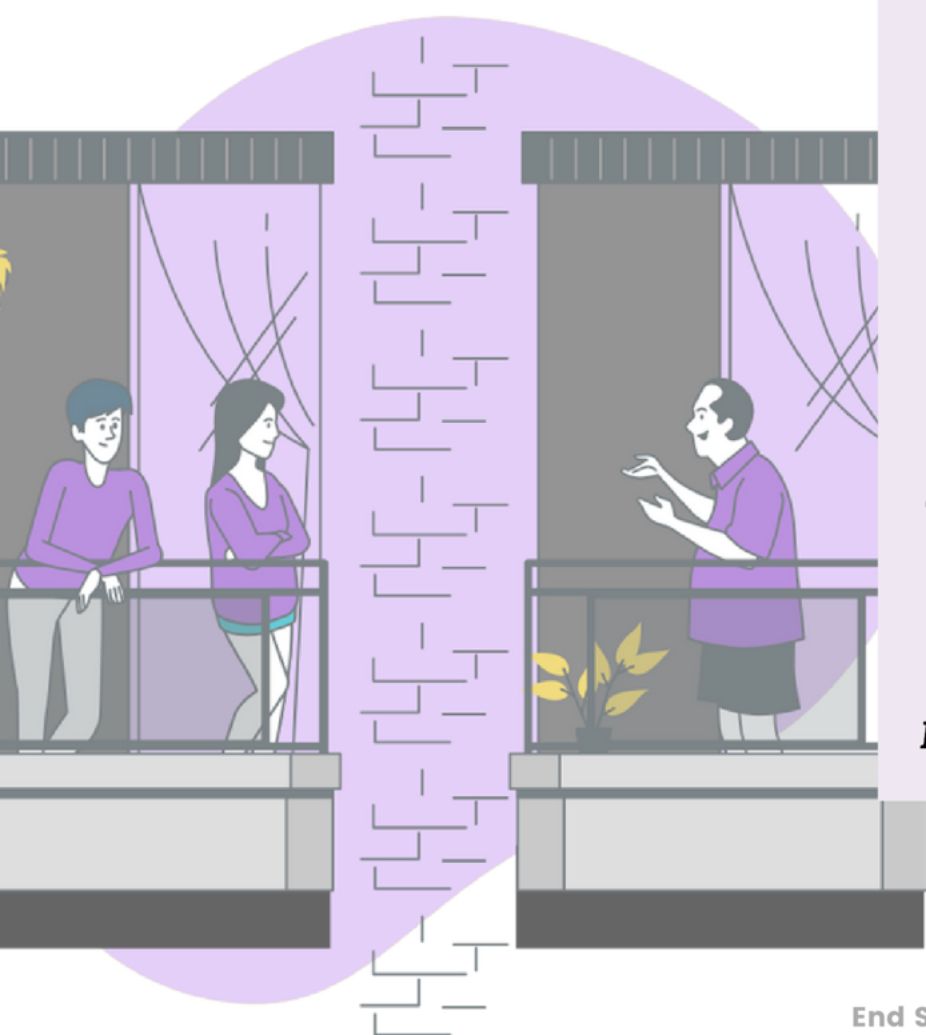
Andreia, Resident

John, One Housing Group Resident

I live in a 28 flat "estate" and over the last 3 years each flat has been overcharged on average per flat per annum £1,000. We also successfully challenged a charge of £210,000 for a communal boiler installation in 2021. I believe that the landlord has been historically overcharging because its financial management has been so poor.

Steve, One Housing Resident

In 2018, in our building alone we were grossly overcharged tens of thousands for various issues and only received a £12k rebate. In 2019, OHG failed to provide us with accurate bookkeeping records, which is now 4 years overdue although legally they are obliged to do so. In 2021 there were 53 missing original suppliers invoices, total value in dispute is £57,000. The budget for 2023/24 has disproportionate increases of some services, e.g gardens and grounds maintenance has increased by 168%, and internal cleaning by 151%. OHG refused our request for a review of the budget, and claimed the increases are 'reasonable'. I have repeatedly provided evidence that shows 'errors' in their accounting, and they largely refuse to credit any money back to residents.



"I would urge everyone to study their service charge statements and launch challenges wherever possible. Our experience shows that they are certainly not always right and there are massive overcharges coming out of your pocket."

Michael, Optivo Resident

SECTION 21/22 REQUEST TOOL

What are Section 21 & 22 Requests?

Under the Landlord and Tenant Act 1985, residents have a right to request information that relates to their service charges. The first request is called a section 21 and covers a summary of their charges. Residents can then follow-up this request with a section 22, which requests their landlord provide the supporting accounts and invoices related to those charges, so the resident can inspect them for accuracy.

The below information is provided by the [Leasehold Advisory Service](#):

Summary of service charges accounts (section 21 of the Landlord and Tenant Act 1985)

Leaseholders, or the secretary of a recognised tenants' association, have a legal right to ask the landlord for a summary of the service charge account. The request must be in writing and can be sent directly to the landlord or to the managing agent. It can ask for a summary of the relevant costs relating to the service charges for the last accounting year or, if accounts are not kept by accounting years, the past 12 months.

If a landlord receives a request for a summary of the service charge account, they must provide it within one month (or within six months of the end of the 12-month accounting period, whichever is later).

The summary should show:

- how the costs relate to the service charge demand, or that they will be included in a later demand (if this applies);
- any items which the landlord did not receive a bill for during the accounting period;
- any items which the landlord received a bill for but which they didn't pay during the accounting period;
- any items which the landlord received a bill for and which they paid during the accounting period; and
- whether any of the costs relate to work for which an improvement grant has been or will be paid.

If the service charge must be paid by the leaseholders of more than four homes, the summary must be certified by a qualified accountant as a fair summary and the landlord must give the accountant adequate accounts, receipts and other documents to support this. If the landlord is a local authority one of their officers who is a qualified accountant may certify the summary, but in all other cases, the accountant must be independent of the landlord.

Rights to information (inspecting accounts and receipts) (section 22 of the Landlord and Tenant Act 1985)

Leaseholders also have the right to inspect documents relating to the service charge to provide more detail on the summary. Within six months of receiving the summary, leaseholders (or the secretary of a recognised tenants' association) can write to the landlord to ask if they can access and inspect the accounts, receipts and any other documents that are relevant to the service charge information in the summary and to ask them to provide facilities to copy these.

The above right applies even if the summary was provided as end-of-year statement of account, rather than in response to a formal request for a summary under section 21 of the Landlord and Tenant Act 1985.

Landlords must provide facilities for inspecting the documents within one month of the leaseholder's or secretary's request, and these facilities must be available for two months.

Leaseholders have other rights to investigate the service charges and the way the building is managed – the Leasehold Reform Act 1993 gives them the right to ask for a management audit, and under the Housing Act 1996 they have the right to appoint a surveyor.

What happens if a landlord fails to provide a summary or allow access to further information?

If a landlord fails to provide a summary or access to inspect and copy supporting documents following a request from you or the secretary of a recognised tenants' association, and they do not have a reasonable excuse for this, they are committing a summary offence and are liable for a fine of up to £2,500 (level 4 on the standard scale of fines for summary offences) if they are convicted. The local housing authority has the power to start legal proceedings against the landlord, or you can start them. Local authorities are exempt from prosecution, but registered providers (housing associations) are not.

Making these requests through Find Others

Find Others created a free tool which enables residents to easily send section 21 and 22 requests to their landlords.

The resident simply fills in a short form with their details, and Find Others sends a template email to their housing association requesting the information.

Find Others then sends automated emails to the residents asking for updates on their requests.

If a resident is unhappy with the results of their request, they can escalate the issue by sending a template complaint to their landlord.

Housing Association Service Charges
And how Find Others plans to end service charge abuse

What's the issue?
Housing associations are not-for-profit organisations set up to provide affordable homes and support local communities. The residents that live in these properties are often charged monthly service fees to cover the cost of maintaining the building and communal areas. In stark contrast to their charitable aims, there are consistent and frequent reports of residents being grossly overcharged by housing associations for these services, which falls on the individuals affected to investigate and act. We don't think this is acceptable.

What we're doing
Find Others is a new platform which helps individuals who have suffered injustices to unite, build powerful action groups and take decisive action. We are stronger, when we tackle problems together.

We have launched a campaign in partnership with SHAC (Social Housing Action Campaign), to unite housing association tenants and residents and call an end to widespread service charge abuse.

As part of the campaign, we've created a free tool to help residents request a summary of their service charges for the past 12 months, which they can then inspect for errors. With everyone's help, we can begin tracking and identifying the housing associations that comply with their legal obligations and the culprits of service charge abuse.

The process

Request a breakdown of your service charges
Quickly and easily request a breakdown of your service charges using our free service. We'll then stay in contact with you throughout the process to monitor how the housing association performs.

Request your service charge summary

Michael
© London, UK

Please provide the full address of the property you are requesting a statement for.

Address line 1
1 The Street

Address line 2
Lansdowne

Address line 3

Town / City
London

County
Middlesex

Postcode

Next

Help & support
Please provide the full address of the property you are requesting a statement for.
We need this information to include in the request we'll be sending to your housing association, so they are able to identify your property.

More help

Hi <FIRST NAME>.,
One month ago, you used our service to request a summary of your service charges from <HOUSING ASSOCIATION NAME>.
They should have responded to you by now as per their legal obligation. Please let us know if you've heard from them using the options below.

I have my summary and believe it is correct

I have my summary and believe there are errors

I haven't received a response

They have asked for more time

THE FIND OTHERS TEAM

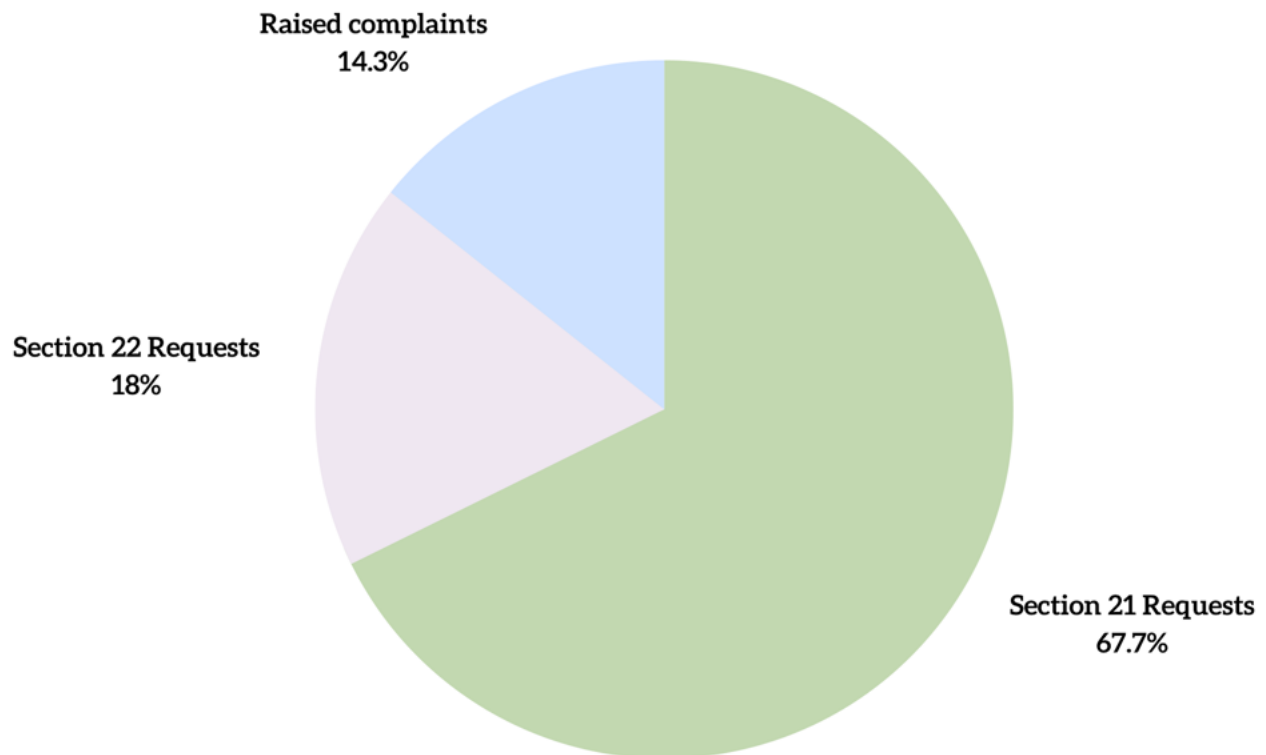
Find Others
End Service Charge Abuse Campaign 2023

DATA ANALYSIS

Early results of the section 21/22 request tool.

276

residents have so far used the tool to send section 21 and 22 requests, and raise complaints with their housing association over service charges.

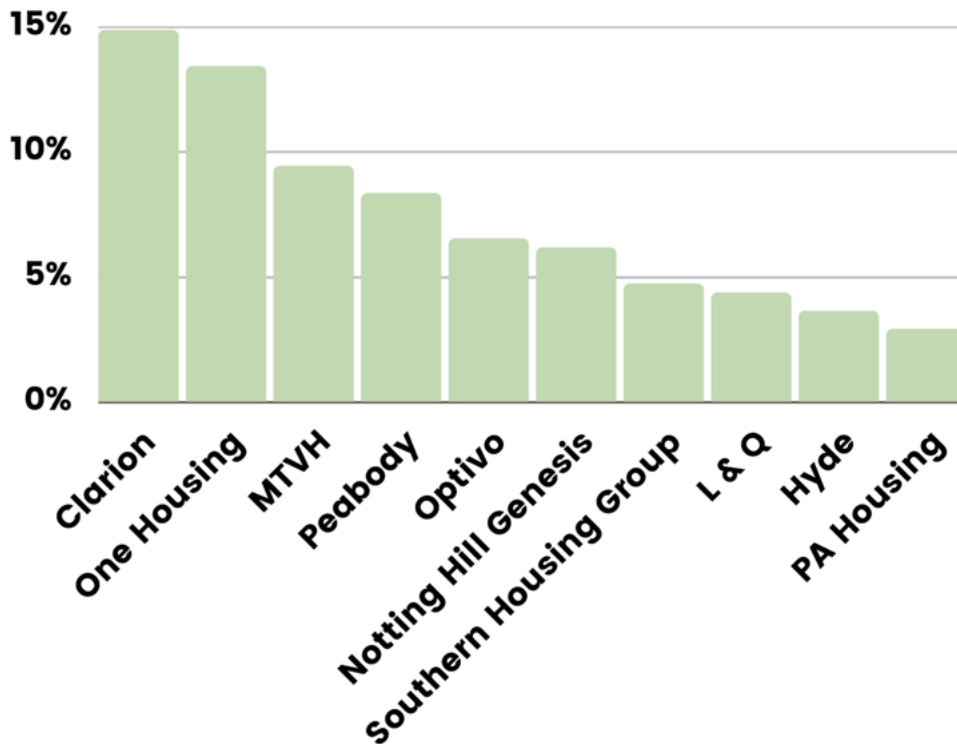


35.2% Tenants

63.8% Leaseholders

1.06% Secretaries of tenants associations

Top 10 HA's to be contacted via the tool



49

Housing associations have been contacted in total.

- 1** **Clarion Housing** is the largest housing association in the UK, owning and managing 125,000 homes. They have a Google review rating of 1.4 stars.
- 2** **One Housing** is now part of The Riverside Group which manages more than 75,000 homes. They have a 1.9 star rating on Trustpilot.
- 3** **MTVH** manage over 57,000 homes and has a 1.5 star rating on Trustpilot.

Taking their reviews into account, it is easy to understand why these three HA's come out top in our results. Their residents feel ignored and powerless.

40%

Of residents received no response to their section 21 request within the 30-day legal time limit.

Section 21 Requests Performance Results

Housing Association.	% of all section 21 requests.	% of residents who received <u>NO</u> response to their request within the 30 day time limit.	% of residents still waiting for a response or have been informed the HA needs more time to prepare it.	% of residents satisfied with the response to their request.
Clarion	16%	47%	42%	3%
One Housing	12%	30%	60%	0%
MTVH	10%	57%	39%	0%
Peabody	9%	45%	50%	0%
Optivo	7%	38%	50%	0%
Notting Hill Genesis	6%	64%	36%	0%
Southern Housing	5%	73%	27%	0%
L&Q	5%	36%	27%	18%
Hyde	4%	20%	50%	0%
Tower Hamlets	2%	33%	67%	0%

Section 22 Requests

64 people proceeded to make a section 22 request, asking their housing association for the supporting accounts that relate to their service charge summary. To date:

40%

of residents have not received a response within the legal timeframe of 30 days

14%

have reported errors within these accounts.

£2million

Since launching the campaign, just 27 residents have verbally reported over £2million in overcharges.

CONCLUSION

These statistics show a dismal record of adherence to the Landlord and Tenant Act by social housing providers. They highlight the imminent need to employ stricter procedures and financial punishments when housing associations fail in their duties. The current routes advertised to residents for redress are either dead-ends or unattainable for the majority of residents.

Housing Ombudsman Service



Regulator of
Social Housing

Housing Ombudsman

- Does not investigate service charge disputes



Department
for Work &
Pensions

Regulator of Social Housing

- Refuses to investigate widespread reports of service charges claiming 'it is not in our remit'.

Department of Work and Pensions

- Financially punishes residents in receipt of housing benefits for the overcharges inflicted by housing associations.



HM Courts
& Tribunals
Service

First Tier Tribunals

- Costs the resident to launch a case, and requires a level of legal and financial competence. Residents have been quoted £45,000 for legal assistance making it unattainable.

Residents have nowhere left to turn. It is time to call for an end to service charge abuse through government intervention.

ACKNOWLEDGEMENTS

SHAC and Find Others would like to thank all the residents who have supported the campaign to end service charge abuse and have used the section 21/22 request tool.

Without their help, uncovering this national scandal would not have been possible.

We would also like to say a special thank you to One Housing resident Ed Spencer, who initially suggested the idea for the tool and sparked this movement.

We thank you for reading this report.



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